

# Active Major Cases (Confidential, not for public disclosure)

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## L&D

(02) 005-09/14/05 ACC # 22

This matter was both an ACC investigation and a criminal case in US District Court.<sup>1</sup> Shop Steward and Union Delegate Michael (Mickey) Annucci along with Shop Steward Frank Proscia were indicted in the Southern District of New York-AUSA Lisa Zornberg was assigned. The II and ACC interviewed approximately 60 L&D Employees. Several will face union disciplinary charges. The II and the ACC obtained signed, sworn statements, and conducted depositions which were turned over to the prosecution. Proscia pleaded to aiding and abetting L&D to defraud the carpenter funds by keeping members off the shop steward reports. Initially Proscia submitted his resignation to the District Council from all elected and appointed positions. Annucci was convicted after an 8 day trial before Judge Barbara Jones, SDNY, and before the end of 2007 L&D made whole its \$2 million deficiency to the funds. Annucci was sentenced to 60 months incarceration and Proscia has completed his sentence. After his plea, Proscia was interviewed by the II and the ACC. Both Proscia and Annucci faced union charges and were fined and expelled by a carpenter union trial board. The USAO thanked the cooperation of the NYCDCC Anti-Corruption Committee for its assistance. **New:** The union disciplinary hearings were held for each and both were fined and expelled; however, the UBC constitution allows for an appellate procedure, and we are aware that Mr. Proscia has availed himself of that opportunity. He has placed his name on the OWL and was requested.

## On Par

(01) 003-10/19/05 ACC # 95

This matter is both an active ACC investigation and a criminal case in US District Court.<sup>2</sup> Owner, James Murray, a former fugitive, was charged in a money laundering indictment and reportedly \$15 million in assets have been seized by the government. The Carpenter Union Funds stands as a victim in this matter. The Carpenters Union has charged over 100 carpenters for failing their obligation to the union, working off the books and other related offenses. Subsequently, 6 shop stewards and 4 foremen were charged for failing their obligations, allowing the fraud to take place and related charges under the Carpenters constitution based on the II's recommendations to the ACC. Three of the Shop Stewards charged had their current Shop Steward skills suspended. We are aware that Judge Haight has taken on as a related case litigation between OnPar and the District Council. **New:** Murray returned to the United States and the matter is moving forward. On December 2, 2008, Michael Mitchell, a former union carpenter steward was charged in Federal complaints with his complicity in the ERISA fraud.

## Javits Center and Trade Show

(10) 001-10/31/05 ACC #93

The II report was issued and the District Council completed implementation during 2008. A special session of the Executive Board heard this matter November 13, 2007 pursuant to the By laws. The transition to the dispatch of certified stewards and workers from the OWL is complete and its implementation resulted in increased participation of the membership in exhibition work. It is especially telling in the increase of the number of certified stewards dispatched to exhibition work sites. **New:** The dispatch of certified shop stewards to these venues increased. We met several times in the past year with Mr. Gerald McQueen, President of the Javits Center, on matters of mutual interest. We believe that the controls are in place to insure continued compliance.

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<sup>1</sup> U.S. v. Michael Annucci & Frank Proscia (S2 06 Cr. 982 (BSJ)

<sup>2</sup> U.S. v. James Murray (1:06 Cr. 0443 (KMW-1)

(01)070-02/12/2007 ACC #568

This matter was initially referred to the II by the Organizing Department when they happened upon [REDACTED] a Union contractor, paying substandard wages on a long string of recent public works jobs, including the Federal courthouse in Brooklyn. At the onset of this investigation the II noted the strong potential of criminal conduct and referred this matter to the US Department of Labor. AUSA Lisa Zornberg has been assigned the case by the USAO/SDNY. The II will continue to investigate the issues which can be remedied under the Consent Decree. We are working closely with the School Construction Authority on this matter. The II and the ACC have obtained 10 signed, sworn statements from members identifying many other public work projects [REDACTED] completed and their admissions to failing their obligation as a union carpenter by working off the books and accepting pay below contracted wages. One of these members, a shop steward, has had his skill removed on our recommendation after he admitted his role in a signed, sworn statement to the II and ACC investigators. This matter was referred to USDOL-OLR. **New:** On November 19, 2008, Bienvenido Rivera, the shop steward referred to above, pleaded guilty to his role in conspiring with his employer to defraud the benefit plan.<sup>3</sup>

## School Construction Authority

(18)084-03/20/2007 ACC#604 (18)093-04/10/07 ACC #625

The II and the SCA have initiated several investigations concerning pre-qualification issues which should be of mutual assistance. Both of these matters have been resolved with the cooperation of the DC. We met with the Intelligence division staff at the SCA-IG concerning matters. We previously reported a referral to the II by the SCA -IG which resulted in the opening of a case involving an organized crime member (See [REDACTED]). An unrelated matter, [REDACTED] matter was resolved by the ACC and the funds. SCA-IG also provided information concerning [REDACTED] a company that has essentially captured the hardwood flooring contracts let by the NYC schools. We interviewed the workforce of [REDACTED] both company men and dispatched stewards and found a portion of the work was "not covered" that is sanding. The DC instructed Local 2870 to organize floor sanders. An audit found discrepancies and is being handled by the Funds. **New:** We will address under [REDACTED] our involvement with the SCA-IG regarding barred member [REDACTED]

(17)066-08/24/06 ACC #441

This is a corruption investigation in which the owner is an officer of an employer group (Association of Wall-Ceiling Contractors). Subpoenas were obtained and served on [REDACTED] but they refused to accept service for [REDACTED] Service was made on the [REDACTED] owner, who proffered at the time of service that [REDACTED] was his brother's company. With the intervention of the Court subpoenaed records were finally produced. A deposition of the owner of [REDACTED] a related signatory company was held and we are about to request a subpoena for another person to depose.

## Local 157 Issues

(20)-018-09/26/07 ACC #790

The II met with the Executive Officers of the District Council and prepared a summary report concerning grievous matters surrounding William Hanley, Business Manager and President and several of the Business Agents assigned to this Manhattan local. The I.I. recommended disciplinary action up to dismissal for Business Manager Hanley, and BAs Fred Kennedy, Daniel DeMorato, and George DiLacio, and Supervision for the Local. The Executive Officers promised swift and firm action. As matters progress the I.I. will keep the Court and parties informed. BM Hanley retired; BA Fred

<sup>3</sup> United States v. Bienvenido Rivera, SDNY 08 CR 776 (LTS)

Kennedy resigned and now works as a union carpenter; BA George DiLacio was fired and removed from his elected office; BA Daniel DeMorato was suspended, and reassigned. Citing the authority of the UBC constitution, General President McCarron imposed a trusteeship over Local 157, and appointed Eastern District Vice-President Frank Spencer as supervisor. The II met with Spencer and provided testimony supported with exhibits and graphs during the trusteeship hearing. The II and his staff answered questions during the proceeding. The membership recently was provided a report concerning the supervision which refers to portions of the II investigation and reports which anteceded the trusteeship . A renewed and informative "official" Local 157 web site has been established. Notably, during the historically slow construction months of December and January 2324 members were dispatched, shaped or requested from the OWL in Local 157; 342 of those dispatched were Shop Stewards. During that same time period, the acting business agents assigned to Local 157 made 471 IP job site visits and reported their results to the II. The II investigated several new allegations concerning DiLacio, who recently lost a bid for the District Council vice-presidency against incumbent Denis Shiel, although he had been fined and expelled from the union by a union trial board. We found that DiLacio has long operated a stable of horses that ran on tracks in New York and New England while he was a BA. The II prepared documentation mapping his whereabouts in anticipation of his UBC hearing. The District Council side of the ACC has mapped his gas receipts to bolster our evidence. We note that DOL-Office of Labor Management Standards has assigned an investigator to this matter. Local 157 was returned to its membership after an election of delegates and local union officials. DiLacio filed a lawsuit emanating from the II's investigation which named the II as a defendant along with DC officials. The lawsuit was dismissed by the Court. **New:** Much of this is addressed in the public section of our 2008 Report. We do note that BA DeMorato has been reassigned to duties as a business representative in Local 157 area.

(02) -096-10/02/07 ACC # 798 (02) 093—09/09/07 ACC #791

These companies have a familial relationship between owners and [REDACTED] of Local 157. We found an alternate payroll paying union carpenters by [REDACTED] and then discovered that no BA from Local 157 has visited a site until after the II and the District Council investigator found an unsupervised job-site in late September 2007. District Council records indicate only about 12 jobs were called in 2007. The subpoena served on [REDACTED] uncovered an alternate payroll of over \$300,000 to date in 2007 with about 25-60 checks being drawn on the account each month. A forensic audit has begun. Several additional subpoenas have been issued. The II and the forensic auditor (former IRS CID SA Steve Levy) have met concerning the initial results and plotted a plan of action. The II has reviewed phone records previously obtained from the DC regarding former [REDACTED] and has noted frequent call activity between [REDACTED] and numbers associated with [REDACTED]. Interviews of workers identified on both payrolls have been fruitful. The II learned that US agents have served subpoenas in this matter; the entities involved have obtained counsel.

(02)103-11/19/07 ACC #847

The recent issuance of a subpoena directed at [REDACTED] and its alter ego company brought about a meeting between counsel for the entities, [REDACTED] and the II. They promised full cooperation. Our expectations are that a significant amount of cash was paid for covered carpentry work through the alter ego "maintenance" company. This matter is continuing.

(02)-111-01/09/08 ACC# 883

The SCA OIG inquired of the II for any information concerning these companies. [REDACTED] a carpenter union signatory is a WBE doing SCA business under a mentorship program, and are now eligible for jobs in the \$1 million area. [REDACTED] is owned by the wife of [REDACTED]; a former Queens carpenter official, who failed to cooperate with IRO Conboy and was expelled. A new employee of [REDACTED], Paul J. Buckley was recently released (2007) from federal prison and is a known associate of the Colombo LCN. Buckley was convicted with others in a RICO indictment in which he was involved with several schemes to defraud the benefit plans of the Operating Engineers in association with Louis Riccardo, known as "Louie Unions". A review of his carpenter union life indicates it began shortly around the time of his Indictment in 2002. The II has advised the USAO, the FBI and DOL OIG of our investigation into [REDACTED] and Buckley. Paul Buckley was interviewed, the USAO offered an opinion in the matter to the District Council and Buckley has been charged under the UBC Constitution and By Laws with having pled to RICO while a union member. Additionally, we learned [REDACTED] has just informed the SCA that he is a principle of [REDACTED]. The SCA has asked him to clarify his expulsion from the Carpenters Union by IRO Conboy and upheld at the General Convention of the UBC held in Chicago.

## Confidential Investigation

(02)-116-01/23/08 ACC # 899

Acting on a complaint from the District Council concerning a member, who was offered cash the II opened an investigation. The member cooperated with the II. Law enforcement is now involved and the member has been authorized to continue to receive cash payments for public works jobs from a signatory company. The member is paid a fixed rate below union scale and the prevailing wage. This investigation is continuing under the direction of DOL-OLR.  
**New:** We have completely relinquished control of the cooperator to law enforcement.

(02)-117-01/24/08 ACC # 900

Acting on information that several schemes have evolved to underpay members and defraud the funds the ACC placed [REDACTED] on its IP program for BA job site visits. One member stated that he was paid 20-25 hours per week but was forced to work 35 hours. Another scheme involves after hours installation of office furniture. The ownership of [REDACTED] has written a letter that implies legal action for the implementation of the IP visits. This investigation continues. In addition to the IP visits by Business Agents the II has made several on site investigations based on a series of hot line calls that nabbed [REDACTED] and identified another possible alter ego company working on public works projects (city offices) at night time erecting corral type office spaces. This entity appears to capture the work as a WBE-MBE contractor, but [REDACTED] foremen are directing the installation. [REDACTED] obtained counsel who postponed several scheduled audits. The II and funds counsel are in close consultation. The Labor-Management representatives are also attempting to garner evidence concerning the amount of work awarded to these companies. In an II visit resulting from a hotline call the II found a [REDACTED] foreman directing workers from [REDACTED] at a City office. The II confronted the foreman, notified the OWL and had a steward and furniture installer dispatched from the OWL. The BA surveyed the site and drew up a grievance. **New:** The II communicated our concerns in a letter to the Department of Investigation and has requested all 2007-2008 furniture contracts let by HRA, the one department in question. The matter is in the

hands of a Solicitor with that department. Interviews of the workers continue with the ACC. The audit by the Funds is now underway. We may have to ask the Court for a subpoena if the City is unwilling to cooperate.

## **Confidential Investigation**

(17) 104-02/08/08 ACC # 916

This confidential investigation was generated by the District Council, and concerns a complaint that a non-union worker paid shop steward money to become a union carpenter. After interviews and sworn statements it became apparent that the complaint was well founded. The steward had taken money from several new members he brought to the local union hall. We are completing our investigation in conjunction with the ACC.

## **Anti-Racketeering matters**

ACC # 1112

The IL and the Anti-Corruption Committee continues to survey recent RICO and labor racketeering cases filed in SDNY and EDNY. This matter emanated from the filing of the July 2008 Civil RICO complaint in EDNY, USA v. Local 14-14B of the International Union of Operating Engineers. Among the racketeering acts provided as evidence were several companies that may have also been signatories of the District Council of Carpenters. Edward Simpson, owner of Nab Construction Corp; Guerino Cavaliere, owner of Acme Skillman Construction Corp; Peter Ruttura, owner of Peter Ruttura and Sons; and Dino Tomasetti entered pleas in the SDNY. In addition Paul Buckley's involvement was mentioned prominently in the Operating Engineer Civil RICO. This matter is still under discussion with the ACC.

## **Brian Dono**

(05)-017-04/14/08 ACC # 976

Brian Dono, a UBC member is incarcerated awaiting trial in a La Cosa Nostra RICO<sup>4</sup> case involving home invasions and kidnapping. Our office has gathered several statements in the form of steward reports, a letter and other information to forward to the EDNY USAO. As way of background, Dono lodged a complaint about a 608 Business agent after Dono was fired for failing to show up for work and perform his steward responsibilities. It was not known at that time that Dono was so closely associated with the LCN. In addition to providing the EDNY with these statements, the ACC recommended that his steward skills be removed and that the UBC constitution and by laws be utilized to remove him as a member. Those steps have been taken. We are in the process of providing the EDNY with this potential evidence. In a related matter. **New:** After a review of the evidence by a District Council trial board, Brian Dono was expelled. On December 24, 2008 after hearing trial testimony an EDNY jury convicted Dono of the major counts including RICO and murder.

## **Paul Buckley**

Addressed in detail above.

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<sup>4</sup> United States v.Uvino, Et Al, 1:07-cr-00725-JBW-3 EDNY